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WALLING, W. E. *Sovietism, the A B C of Russian bolshevism according to the bolshevists.* (New York: Dutton. 1920. Pp. 220. \$2.)

Quotations from bolshevist writers, particularly Lenin and Gorky, are used by Mr. Walling to indict bolshevism in the words of its own apostles. The idea is good, but with equal justice it would be possible to select other quotations from the same writers which would lead to other conclusions.

In the latter half of the book the author abandons his thesis and heaps bitter denunciation not only upon American radicals, but upon the liberal magazines and writers who have been less severe than himself in their criticism of the soviet régime.

G. L. ARNER.

WILBRANDT, R. *Sozialismus.* (Jena: Eugen Diederichs. 1919. Pp. 338. 15 M.)

WOLFF, H. H. *Coöperation in India.* (London: W. Thacker & Co. 1919. Pp. 352.)

ZVORIKINE, N. *La révolution et le bolchévisme en Russie.* (Paris: Perrin. 1920. Pp. xii, 310.)

List of references on coöperative stores. (Washington: Library of Congress. 1920. Pp. 12, typewritten.)

A political guide for the workers. Socialist party campaign book, 1920, prepared by the department of labor and research, Rand School of Social Science. (Chicago: Socialist Party. 1920. Pp. 183.)

Proceedings of the judiciary committee of the assembly of the state of New York in the matter of the investigation as to the qualifications of certain members of the assembly. Legislative document no. 5. (Albany. 1920. Pp. 2807; 575, 58.)

Thirteenth annual report of Pasadena's municipal lighting works department, 1919-1920. How your dollars have been spent. (Pasadena: Commissioner of Public Works. 1920. Pp. 31.)

Thirty-fourth report, 1919. (London: Labour Co-partnership Assoc. 1920. Pp. 47.)

Report of annual meeting, 1920. (London: Labour Co-partnership Assoc. 1920. Pp. 30. 6d.)

Statistics and Its Methods

Profits, Wages, and Prices. By DAVID FRIDAY. (New York: Harcourt, Brace, and Howe. 1920. Pp. iv, 256.)

Professor Friday has essayed the very difficult task not only of setting forth the chief statistical facts concerning the distribution of the value product of the industries of the United States among the different groups of productive agents and the changes brought about in this distribution by the events connected with the great war, but also of appraising the merits, demerits, and ultimate social results of present legal and social arrangements affecting this distribution. Some of the

statistics are open to question: the record on page 15 shows the net income of corporations for the years 1914 to 1917 to be larger than is actually the case, the error arising from the fact that the total of "net corporate income," as recorded in the reports of the Commissioner of Internal Revenue, includes for those years the income of both parent and subsidiary corporations, since each corporation was compelled by law to report separately. This situation resulted often in compelling the holding company to pay taxes upon virtually the same income upon which a subsidiary corporation had already been taxed. This duplication did not occur in the earlier years under the excise tax law; hence the totals of income for the earlier and later years are incomparable. The error of comparing these figures did not, however, originate with Professor Friday, for the supposed net incomes are presented without comment as a continuous column in the official government report. Unfortunately, however, this error affects most of the comparisons of corporate earnings for different years and invalidates to a degree some of the conclusions drawn.

An inaccuracy of less importance is found on page 27, where Professor Friday quotes the Agricultural Department figures for the total value of farm products, without noting the fact that since the value of crops fed to livestock is included in the totals, these totals represent gross rather than net values. The failure to call attention to this peculiarity of the data is, however, a matter of little consequence, for the figures are used only for a comparison of the different years, a purpose for which they are presumably perfectly satisfactory.

No matter how painstaking the statistician, oversights of the kind just mentioned are practically inevitable when figures are dealt with on any considerable scale; hence they cannot justly be considered to indicate any lack of care on the part of the investigator. Any adverse criticism of the purely statistical part of Professor Friday's work must rest on the grounds that the form of presentation might be improved. The reader would have been more likely to obtain the correct impression from the facts presented if all values had been reduced to equivalents of some base year by dividing by a price index, and if the principal results had been shown graphically as well as in tabular form.

But, while there may be room for improvement in the form of presentation, it is nevertheless true that the book is one of the most valuable compendiums yet published covering statistics in this field. It sets forth in a very readable, concise, and definite style, the salient facts concerning profits, wages, and prices; and the accuracy of most of the figures and of the immediate conclusions drawn therefrom apparently cannot be seriously questioned. On the other hand, it seems certain that some of the problems might have been further clarified by a more

searching analysis. In most parts of the book, for example, the fluctuations of the business cycle have been ignored and phenomena are often ascribed to purely fortuitous circumstances when the true explanation seems to be that they were the perfectly normal results of cyclical influences.

But even when the business cycle is recognized as an important characteristic of industry, it appears that insufficient attention has been bestowed upon the actual shape of the curve.

In chapter V, the term "capital" is used interchangeably in several different senses, sometimes meaning "capital goods," sometimes loanable funds, and sometimes the resources of an enterprise. This confusion is entangled with an apparent belief that individual savings are practically identical with additions to national wealth. That this last assumption is not true is evident when we consider the great increase in private saving connected with financing the war, which saving, however, has certainly not resulted in any equivalent increase in national wealth.

This analysis of the data seems to the reviewer to be coupled occasionally with a tendency to base conclusions upon insufficient evidence. On page 135, for example, it is stated that the increase of prices since 1919 is ascribable to growing inefficiency of labor, but only vague impressions of employers are presented as evidence that the productivity of labor in general has fallen off to anything like the supposed extent of 40 per cent. The whole explanation of the reason for the rise in prices from 1914 to 1920 is characterized by this same lack of evidence. Apparently, we are furthermore asked to accept the doubtful doctrine that the price level is dependent upon cost of production and that it tends, through inertia, to continue upon any plane upon which events happen to place it (cf. p. 140). At no place is cognizance taken of the important truth that a rise of prices in one field, by using up the income of purchasers, tends to produce an equal fall of prices in some other field. Similarly, sales of Liberty bonds by the holders are assumed to be equivalent to increased national demands for consumption goods, the fact being overlooked that purchasers of the bonds were probably curtailing consumption at the same time and to the same extent that the sellers were consuming more freely.

In defending the excess profits tax, Professor Friday ignores entirely the important question as to whether the levying of any kind of taxes upon corporations is sound economic procedure. In dealing with the question of bettering the economic condition of the working classes, he almost forgets the population problem which, in the reviewer's opinion, is the crux of the whole matter. He proposes that the Government insure to all entrepreneurs a minimum return on their investment, but fails to mention the danger of thus continuing for a longer time than

necessary the operations of all kinds of superfluous or unprofitable enterprises.

The general impression gained from an examination of the theories set forth is that they are brilliantly suggestive but that a number of them can only be established by the presentation of more complete and convincing arguments.

As a handbook of facts, the volume is certainly worthy of the careful study of all persons interested in the question of the existing division of the industrial product. Most of the leading theses of the book are supported by such masses of evidence and argument that the reader is virtually compelled to accept the author's conclusions. He demonstrates, for example, the importance of the outlook for business enterprise as a factor affecting interest rates; the necessity of allowing high enough rates to public utilities to enable them to secure funds for extensions of plant; the small effect that the excess profits tax has in discouraging enterprise and the absolute impossibility that it is a prime factor in causing high prices; and, finally, the fact that labor already receives such a preponderant share in the value product of the great industrial fields of manufacturing, mining, and transportation, that the condition of the laboring class can at best be but slightly improved by any possible redistribution of the present product.

WILLFORD I. KING.

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HESSE, A. *Gewerbestatistik.* Third edition, revised. (Jena: Fischer. 1920. Pp. xiii, 470. 18 M.)

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SAITZEW, M. *Die Motorenstatistik. Ihre Methoden und Ergebnisse. Eine Studie aus dem Gebiete der internationalen Wirtschaftsstatistik.* (Zurich: Rascher & Cie. 1918. Pp. vii, 275.)

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